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Feature Article - Women In Small Business

Background

Small business is acknowledged as a vital sector of the Australian economy. It is recognised that women play a significant role in Australian business, particularly in small business. This article looks at the overall structure of the Australian small business sector, focusing in particular on the role women play in small business, and on some of the characteristics of female business operators and the businesses they operate.

A business is traditionally regarded as small if:

- it is independently owned and operated;
- it is closely controlled by the owners who also contribute most if not all of the operating capital; and
- the principal decision making functions rest with the owners.

Unfortunately, these characteristics are not readily identifiable for the business population as a whole, which renders such a definition impractical for statistical purposes. Hence business employment is commonly accepted as a proxy for defining businesses by size in most statistics in Australia. For this article small businesses are defined as those non-agricultural businesses employing less than 20 people.

Participation of women in small business

Employment in Australia has grown over the past 50 years from just over 3 million people to today's level of about 8.3 million, an increase of just over 5 million people. Female employment has contributed slightly more than half of this rise, increasing from 0.8 million to 3.6 million over the period. This percentage increase (350 per cent) represents an average annual rate of increase of 3.2 per cent. Employment of males has virtually doubled over the last 50 years, representing a significantly lower average annual rate of increase of 1.4 per cent.

Expressing this another way, the participation rate of women in the workforce has risen from about 20 per cent 50 years ago to about 53 per cent today. The participation rate for women is still less than for men, currently running at 73 per cent, but the rate for women is increasing rapidly.

If current trends continue, the number of women in the workforce will be about the same as the number of men in another 50 years.

It is not possible to undertake a similar analysis for women in small business, as the data sources do not support such analysis. However on the assumption that the proportion of females in small business employment is about the same as the proportion for all businesses, it seems

reasonable to assume that the same conclusion could be drawn.

Women in small business by industry

The small business sector in 1994-95 had employment of almost 2.5 million, of which 1.0 million (40 per cent) were female. Of this:

- 206,000 worked by themselves in their own business,
- 104,000 ran businesses which had employees, and
- 709,000 were employees.

Table 1 looks at employment in small business by sex and industry.

**TABLE 1 EMPLOYED PERSONS IN SMALL BUSINESS,
By Sex and Industry - 1994-95**

Industry	Employment				Total
	Females		Males		
	'000	%	'000	%	
Mining	1.4	14.7	8.1	85.3	9.5
Manufacturing	74.6	31.2	164.3	68.8	238.9
Construction	58.7	16.2	303.4	83.8	362.1
Wholesale trade	72.8	33.7	143.2	66.3	216.0
Retail trade	231.7	45.7	275.3	54.3	507.0
Accommodation, cafes and restaurants	83.0	55.9	65.4	44.1	148.4
Transport and storage	29.1	23.7	93.9	76.3	123.0
Finance and insurance	24.0	47.4	26.6	52.6	50.6
Property and business services	174.5	46.2	203.3	53.8	377.8
Education	30.4	69.6	13.3	30.4	43.7
Health and community services	123.1	69.1	55.0	30.9	178.1
Cultural and recreational services	37.7	52.8	33.7	47.2	71.4
Personal and other services	74.8	57.7	54.8	42.3	129.6
Total all industries(a)	1,019.4	41.3	1,450.6	58.7	2,470.0

(a) Includes the Electricity, gas and water supply and Communication services industries.

Source: Survey of Employment and Earnings, unpublished data; Labour Force Survey, unpublished data. Adapted from table 1.3 in Small Business in Australia, 1995 (cat. no.1321.0).

It can be seen that the industries in which most women worked were:

- Retail trade 231,700

- Property and business services 174,600
- Health and community services 123,100

There were also significant numbers of women employed in Accommodation, cafes and restaurants (83,000), Personal and other services (74,800), Manufacturing (74,600), and Wholesale trade (72,800).

The industries in which women represent the greatest proportion of employment are:

- Education 70 per cent
- Health and community services 69 per cent
- Personal and other services 58 per cent
- Accommodation, cafes and restaurants 56 per cent
- Cultural and recreational services 53 per cent

In the Retail sector, the proportion of women in the workforce is 46 per cent, the same as for Property and business services. Clearly women are having a far greater impact on employment in the services sector of the economy than in the goods producing sector.

Women working in their own small business

In 1994-95 there were 310,000 women working in their own business, nearly 33 per cent of people working in their own business. Over the period 1984-85 to 1994-95, this has grown from 225,000, which was 30 per cent of people working in their own business.

The average annual growth rate of women working in their own business over this period has been 3.3 per cent. This compares to an average annual growth of men working in their own business (518,000 in 1984-85 to 639,000 in 1994-95) of 2.1 per cent.

Table 2 shows the industry distribution of the women and men working in their own business.

**TABLE 2 PERSONS WORKING IN THEIR OWN SMALL BUSINESS,
By Sex and Industry - 1994-95**

Industry	Females		Males		Total
	'000	%	'000	%	'000
Mining	0.4	10.0	3.6	90.0	4.0
Manufacturing	25.4	35.6	46.0	64.4	71.4
Construction	28.9	13.6	184.3	86.4	213.2
Wholesale trade	13.0	30.9	29.1	69.1	42.1
Retail trade	86.4	40.2	124.4	57.9	214.8
Accommodation, cafes and restaurants	16.4	47.8	17.9	52.2	34.3
Transport and storage	10.8	17.9	49.5	82.1	60.3
Finance and insurance	2.2	21.4	8.1	78.6	10.3

Property and business services	44.2	32.1	93.4	67.9	137.6
Education	9.7	61.0	6.2	39.0	15.9
Health and community services	25.2	55.0	20.6	45.0	45.8
Cultural and recreational services	12.7	42.9	16.9	57.1	29.6
Personal and other services	33.0	52.1	30.3	47.9	63.3
Total all selected industries(a)	310.6	32.7	638.9	67.3	949.5

(a) Includes the Electricity, gas and water supply and Communication services industries.

Source: Survey of Employment and Earnings, unpublished data; Labour Force Survey, unpublished data. Adapted from table 1.3 in Small Business in Australia, 1995 (1321.0).

It can be seen that the industries in which most women work in their own business are:

- Retail trade 86,400
- Property and business services 44,200

Numbers of women working in their own business are also high in Personal and other services (33,000), Construction (28,900), Manufacturing (25,400), and Health and community services (25,200).

The industries in which the proportions of women working in their own business are highest are:

- Education 61 per cent
- Health and community services 55 per cent
- Personal and other services 52 per cent
- Accommodation, cafes and restaurants 48 per cent
- Cultural and recreational services 43 per cent

These are the same industries in which women represent the highest proportion of employment (**see table 1**).

The trend in business ownership and operation by women is toward a far greater involvement in the services sector of the economy. Of women working in their own business, 83 per cent are in this sector, compared with only 63 per cent of men.

Women small business operators

In February 1995, the ABS conducted a sample survey of households which collected details of the characteristics of small business operators. The analysis below is based on the results of that survey and hence the actual number of businesses and their operators is a little different to the ones used in **tables 1 and 2**.

In this survey, operators were identified if they were:

- the proprietor of a sole proprietorship, or
- the partner(s) in a partnership, or
- the working director of an incorporated company.

The survey identified 1.25 million small business proprietors in Australia, of which 424,000 were female (34 per cent). The age and qualifications of these operators are shown in **table 3**.

**TABLE 3 SMALL BUSINESS OPERATORS,
By Sex and Selected Characteristics - February 1995(a)**

Selected characteristic	Females		Males		All
	'000	%	'000	%	'000
Age					
Less than 30	45.4	10.7	99.8	12.1	145.3
30-50	298.1	70.3	518.0	62.6	816.0
Greater than 50	80.8	19.0	210.0	25.4	290.8
Total all operators	424.3	100.0	827.8	100.0	1,252.1
Qualifications(a)					
Secondary school	228.3	54.1	286.1	34.9	514.4
Basic or skilled vocational	93.5	22.2	323.4	39.4	416.8
Degree or diploma	99.9	23.7	210.6	25.7	310.5
Total all operators	421.7	100.0	820.0	100.0	1,241.7
Ethnicity					
Born in Australia	316.5	74.6	588.1	71.0	904.6
Born overseas	107.7	25.4	239.7	29.0	347.4
Total all operators	424.3	100.0	827.8	100.0	1,252.1

(a) Persons who did not complete the highest available year of secondary school and did not go on to achieve vocational qualifications or a degree/diploma have been excluded from this table.

Source: Adapted from tables 1, 2 and 5 in Characteristics of Small Business, Australia, 1995 (cat. no. 8127.0)

This table shows that 11 per cent of the female small business operators were less than 30 years old, 70 per cent were between 30 and 50 years old and 19 per cent were older than 50. When compared to males, there is a smaller proportion of small business operators who are women older than 50, but a greater proportion in the 30-50 age category. The proportions are about the same for operators who are less than 30.

Looking at the qualifications of the small business operators, nearly a quarter (24 per cent) of the female small business operators had a degree or a diploma. This is fairly similar to the proportion for male small business operators (26 per cent). However there are significant differences for the other qualification categories. Only 22 per cent of female small business operators had basic or skilled vocational qualifications and 54 per cent had secondary school qualifications as their highest level of qualification. For males these proportions were 39 per cent and 35 per cent respectively.

Three quarters of female small business operators were born in Australia, proportionally slightly greater than for males.

Hours worked by female small business operators

The ABS Characteristics of Small Business survey also explored the number of hours spent by the small business operators working in their business. **Table 4** shows the results of this analysis.

**TABLE 4 FULL-TIME AND PART-TIME SMALL BUSINESS OPERATORS,
By Sex and Hours Worked(a) - February 1995**

Hours worked(a)	Females		Males		All
	'000	%	'000	%	'000
Part-time operators					
1-10	80.3	33.8	19.1	16.0	99.4
11-20	104.6	44.0	52.9	44.3	157.4
21-34	52.8	22.2	47.3	39.6	100.1
Total part-time operators	237.6	100.0	119.3	100.0	356.9
Full-time operators					
35-50	119.7	64.2	416.7	58.8	536.3
51-75	47.2	25.3	242.5	34.2	289.7
More than 75	19.6	10.5	49.3	7.0	68.9
Total full-time operators	186.5	100.0	708.5	100.0	895.0
Total operators	424.3	100.0	827.8	100.0	1 252.1

(a) Hours worked relates to the usual number of hours worked by an operator in a week.

Source: Adapted from Tables 3 and 4 in Characteristics of Small Business, Australia, 1995 (cat. no. 8127.0).

This table shows that over half of the female small business operators work less than 35 hours per week in their business. This compares to one seventh of male small business operators. As a consequence, there is a far greater proportion of male operators who work between 35 and 75 hours per week in their business. However, the proportion of operators who work more than 75 hours per week is nearly the same for women as it is for men.

This shows that there are important differences between part-time and full-time female small business operators. These are best explored by seeing if there are any differences in the characteristics of the two groups.

Looking first at age, there is not much difference between the characteristics of female part-time and full-time small business operators. Those less than 30 years of age account for 10.3 per cent of part-time women small business operators, compared with 11.2 per cent for full-time operators. The proportion of women over 50 is slightly less for part-time operators (18.7 per cent) than it is for full-time operators (19.5 per cent). By definition, there is a slight reversal in the proportions for the 30-50 age group.

There is, however, a significant difference in the ethnicity of women small business operators. Part-time operators who were born in Australia account for 78.7 per cent of total women part-time operators. This compares with a figure for female Australian-born full-time operators of 69.4 per cent. Correspondingly, the proportions for female overseas-born operators were 21.3 per cent for part-time operators and 30.6 per cent for full-time operators. It appears that Australian-born female small business operators have a greater leaning towards part-time employment than their overseas-born counterparts.

There is also a marked difference in the area of qualifications. Women small business operators

holding either a degree or diploma accounted for 27.0 per cent of female part-time operators and 19.6 per cent of full-time operators. The opposite is evident for those women for whom the highest available year of secondary school education was the highest qualification gained. For 51.3 per cent of part-time female small business operators this was the highest level of qualification, compared with 57.7 per cent of full-time operators. Somewhat surprisingly, it seems that part-time operators have a higher level of qualifications.

However, the largest differences become apparent when one examines the industrial classification of the female small business operators. **Table 5** shows the percentage of female small business operators working full- and part-time classified by industry.

**TABLE 5 WOMEN SMALL BUSINESS OPERATORS,
By Full-time/Part-time Status and Industry - February 1995**

Industry	Women small business operators	
	Full-time %	Part-time %
Mining	0.2	0.1
Manufacturing	10.2	8.1
Construction	5.0	19.8
Wholesale trade	6.4	6.7
Retail trade	31.3	18.6
Accommodation, cafes and restaurants	8.2	2.1
Transport and storage	3.1	5.0
Communication services	0.5	0.1
Finance and insurance	1.1	1.2
Property and business services	13.8	20.3
Education	1.7	2.7
Health and community services	7.2	5.8
Cultural and recreational services	4.0	3.1
Personal and other services	7.5	6.2
Total all selected industries	100.0	100.0

Source: Characteristics of Small Business Survey, unpublished data.

There are some very marked differences in these data. Of part-time operators, nearly 20 per cent are engaged in the Construction industry, while for full-time operators the figure is only 5 per cent. Clearly there are a large number of female small business operators who are working part-time in the building and construction special trades (plumbing etc) industries. Similarly, 20 per cent of part-time female small business operators are in the Property and business services industry, compared with nearly 14 per cent of the full-time operators. On the other hand, there is a higher proportion of full-time than part-time female small business operators in the Retail trade industry (31.3 per cent full-time and 18.6 per cent part-time) and the Accommodation, cafes and restaurants industry (8.2 per cent full-time and 2.1 per cent part-time).

Women as major decision makers in small business

In its 1994-95 Business Growth and Performance survey, the ABS sought information about the major decision maker in the firm, in cases where there was a major decision maker. This survey showed that 60 per cent of small firms with employees had a major decision maker, and of these 10 per cent of the major decision makers were female.

From its February 1995 survey looking at the characteristics of small business operators, the ABS estimated that, in nearly 30 per cent of non-employing small businesses with a single

decision maker, the decision maker was female.

Combining these two statistics provides an estimate of a little over 80,000 Australian businesses which have a woman major decision maker. This represents about 10 per cent of all small businesses in Australia. (It should be noted that this estimate excludes any non-employing firms with more than one operator; hence it is likely to be a slight underestimate of the true number of firms with a female major decision maker.)

Looking at the industrial classification of major decision makers from the Business Growth and Performance Survey, one finds a set of proportions similar to those for full-time operators shown in **table 5**. This tends to further indicate that the female small business operators who work part-time are either not the major decision maker in the firm, or are in firms which do not have any employees.

The qualifications of women who were major decision makers were:

- highest available year of secondary school 52.0 per cent
- trade qualifications 16.6 per cent
- tertiary qualifications 28.4 per cent
- not stated 2.9 per cent.

This distribution is fairly similar to that shown earlier in **table 3** for all female small business operators.

Female major decision makers in small business - experience in operating a business

The Business Growth and Performance Survey collected information on the years of experience as a business proprietor or director. This is summarised in **table 6**.

**TABLE 6 WOMEN SMALL BUSINESS OPERATORS,
Business Operations Experience - February 1995**

Experience	Female % of total %
Less than 2 years	15.4
3-5 years	14.1
6-10 years	10.2
11-20 years	10.2
21 or more years	4.8

Source: Business Growth and Performance Survey, unpublished data.

This shows the increasing tendency of major decision makers to be female as length of experience as a decision maker decreases, which indicates that the number of women becoming major decision makers has increased significantly in recent years.

The average length of experience of a female major decision maker is about 9 years. For males the figure is 12 years.

Summary

It can be seen that women are an important part of business in Australia today. Their contribution to the workforce has grown at more than twice the rate for men over the past 50 years. It can reasonably be assumed that the same is true for women in the small business sector.

The proportion of women working in their own business is also growing rapidly. Over the past decade there has been an average annual growth rate of over 3 per cent, which is one and a half times the rate for men.

Of these women working in their own business, 70 per cent are 30-50 years of age. One quarter of them have tertiary qualifications, a further quarter have basic or skilled vocational qualifications and half have no higher qualification than a secondary school certificate. Three quarters of them are Australian born. Interestingly, however, more than half of these women small business operators work part time, or less than 35 hours per week. This is the major difference that seems to exist when compared to men working in their own business, of whom only one in seven work part-time.

The industries with the most number of women working in their own business are Retail trade and Property and business services. However, the industries with higher proportions of women working in their own business than men are Education, Health and community services, and Personal and other services.

Women appear to be the major decision makers in about 10 per cent of all small businesses in Australia. Based on a subset of these - firms which employed staff and which had a single major decision maker - it is possible to look at their length of experience in being a decision maker. On average these women appear to have had about nine years experience as decision makers, compared to 12 years for men. It is also interesting that, where the length of experience is shorter, the proportion of female major decision makers is greater. For example, of persons with over 20 years decision-making experience, less than 5 per cent are female, but of those with less than two years experience the proportion of women is more than 15 per cent.

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